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## ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

FEB 29 2012

SEC FILE NUMBER
8-34176

FACING PAGE

Washington, DC

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: EJ Sterling, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

39 Broadway, Suite 1910

(No. and Street)

New York, NY 10006

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Jack Lubitz

(516) 994-0743

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

ISRAELOFF, TRATTNER, &amp; CO. P.C.

(Name - if individual, state last, first, middle name)

1225 FRANKLIN AVENUE, SUITE 200, GARDEN CITY, NY 11530

(Address)

(City)

(State)

(Zip Code)

## CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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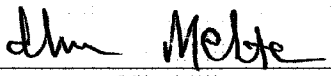
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3/26

## OATH OR AFFIRMATION

I, Robert Costomiris, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of EJ Sterling, Inc., as of December 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
Signature

CEO  
Title

  
Notary Public

DHARMA N. MEHTA  
Notary Public, State of New York  
No. 01ME6233950  
Qualified in Queens County  
Certificate Filed in New York County  
Commission Expires January 03, 2015

02/27/2012.

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

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Israeloff, Trattner & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS · FINANCIAL CONSULTANTS

1225 Franklin Avenue, Garden City, NY 11530 (516) 240-3300 Fax (516) 240-3310 www.israeloff.com

Other Office  
Empire State Building  
350 Fifth Ave.  
New York, NY

## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
EJ Sterling, Inc. (Formerly  
Langdon Shaw Securities, Inc.)

We have audited the accompanying statement of financial condition of EJ Sterling, Inc. (Formerly Langdon Shaw Securities, Inc.) (the "Company"), as of December 31, 2011, and the related statements of operations, changes in shareholder's equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EJ Sterling, Inc. (Formerly Langdon Shaw Securities, Inc.) as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the additional schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Israeloff, Trattner & Co. P.C.*

Garden City, New York  
February 27, 2012

**EJ STERLING, INC.**  
**(FORMERLY LANGDON SHAW SECURITIES, INC.)**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2011**

**ASSETS**

Cash and cash equivalents	\$ 7,905	
Accounts receivable from clearing organization	134,497	
Prepaid expenses	14,453	
Security deposit	<u>5,700</u>	
<b>TOTAL ASSETS</b>		<b><u>\$ 162,555</u></b>

**LIABILITIES AND SHAREHOLDER'S EQUITY**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 2,816	
Commissions payable	<u>93,514</u>	
<b>Total Liabilities</b>		<b>\$ 96,330</b>

**COMMITMENTS AND CONTINGENCIES**

**SHAREHOLDER'S EQUITY**

Common stock	4,000	
Additional paid-in-capital	65,561	
Retained Earnings	<u>38,914</u>	
	108,475	
Less: Treasury Stock - at cost (152 shares of common stock)	<u>(42,250)</u>	
<b>Total Shareholder's Equity</b>		<b><u>66,225</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b><u>\$ 162,555</u></b>

See accompanying notes to financial statements

**EJ STERLING, INC.**  
**(FORMERLY LANGDON SHAW SECURITIES, INC.)**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Income**

Commission income	\$ 116,638
Other income	<u>8,857</u>

Total income 125,495

**Expenses**

Officer's and employees' compensation and benefits	\$ 93,514
General and administrative expenses	7,925
Rent and occupancy	5,700
Clearing and execution	21,211
Licenses and registration	<u>30</u>
Total expenses	<u>128,380</u>

Net loss \$ (2,885)

See accompanying notes to financial statements

EJ STERLING, INC.  
(FORMERLY LANGDON SHAW SECURITIES, INC.)  
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Total Shareholder's Equity
	Shares	Amount			Shares	Amount	
Balance - January 1, 2011	225	\$ 56,500	\$ -	\$ 41,799	125	\$ (42,250)	\$ 56,049
Return of capital to former shareholder	-	(52,500)	-	-	-	-	(52,500)
Capital contribution by new shareholder	-	-	65,561	-	-	-	65,561
Net loss	-	-	-	(2,885)	-	-	(2,885)
Balance - December 31, 2011	225	\$ 4,000	\$ 65,561	\$ 38,914	125	\$ (42,250)	\$ 66,225

See accompanying notes to financial statements

**EJ STERLING, INC.**  
**(FORMERLY LANGDON SHAW SECURITIES, INC.)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net loss		\$ (2,885)
Adjustments to reconcile net income to net cash provided by operating activities		
Changes in assets and liabilities:		
Accounts receivable from clearing organization	\$ (109,258)	
Prepaid expenses	(14,453)	
Security deposits	(5,700)	
Accounts payable and accrued expenses	<u>92,305</u>	
Total adjustments		<u>(37,106)</u>
Net Cash Used by Operating Activities		(39,991)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Distributions to prior shareholder	(52,500)	
Capital contributions by new shareholder	<u>65,561</u>	
Net Cash Provided by Financing Activities		<u>13,061</u>
NET DECREASE IN CASH		(26,930)
CASH AND CASH EQUIVALENTS - BEGINNING		<u>34,835</u>
CASH AND CASH EQUIVALENTS - END		<u><u>\$ 7,905</u></u>

See accompanying notes to financial statements



**EJ STERLING, INC.**  
**(FORMERLY LANGDON SHAW SECURITIES, INC.)**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**1. DESCRIPTION OF BUSINESS**

EJ Sterling, Inc. (Formerly Langdon Shaw Securities, Inc.) (the "Company") is a broker dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Regulatory Authority ("FINRA") engaged primarily in the execution of stock transactions for customers. The Company is a non-clearing broker and does not handle any customer funds or securities. The Company has an office in New York, New York and derives revenue mainly in the form of commissions from the sale of stocks traded on various stock exchanges.

The Company is incorporated in the state of Indiana. During 2010, the Company closed down its operations and transferred substantially all of its clients to a new introducing broker. On October 28, 2011 the Company was sold to JPED Holdings, LLC. Upon the sale, the Company became a wholly-owned subsidiary of JPED Holdings, LLC. and changed its name to EJ Sterling, Inc. The Company registered to do business in the state of New York and began operations as a broker-dealer on December 1, 2011.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REVENUE RECOGNITION**

The Company records securities transactions and related revenue and expenses on a trade-date basis.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CASH AND CASH EQUIVALENTS**

The Company considers cash and all highly liquid instruments with original maturities of three months or less, that are not held for sale in the ordinary course of business, to be cash equivalents for cash flow statement purposes. The Company maintains its cash in a bank deposit account which, at times, may exceed federally insured limits. The company has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**FINANCIAL INSTRUMENTS**

The Company's financial instruments include cash and trade accounts receivables and payables for which carrying values approximate fair values due to the short maturities of those instruments, and investments in marketable securities.

**EJ STERLING, INC.**

**(FORMERLY LANGDON SHAW SECURITIES, INC.)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ACCOUNTS RECEIVABLE FROM CLEARING ORGANIZATION**

The Company maintains a brokerage account with a clearing organization through which all trading transactions are cleared. The receivable and certain cash deposits owned are with the same organization. The Company is subject to credit risk if the organization is unable to repay the receivable or return cash deposits in its custody.

**INCOME TAXES**

The Company follows the provisions of the FASB Accounting Standards Codification, as revised, on Uncertainty in Income Taxes. The guidance imposes a threshold for determining when an income tax benefit can be recognized for financial statement purposes. The threshold now imposed for financial statement reporting generally is higher than the threshold imposed for claiming deductions in income tax returns. Under the revised guidance, the tax benefit from an uncertain tax position can be recognized for financial statement purposes only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities including the resolution of appeals or litigation processes, if any. The revised rules also provide guidance on classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. Management believes there were no material uncertain tax positions at either January 1, 2011 or December 31, 2011.

The Company files U.S. federal income tax returns and state income tax returns in New York and Indiana. Returns filed in these jurisdictions for tax years ended on or after December 31, 2008 are subject to examination by the relevant taxing authorities.

**OFF-BALANCE SHEET RISK**

In the normal course of business, the Company's customer and correspondent clearance activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or clearing agent is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss. As of December 31, 2011, the Company was not exposed to such risk.

**CONCENTRATION OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities whose counterparties primarily include broker-dealers, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business. As of December 31, 2011, the Company was not exposed to such risk.

**EJ STERLING, INC.**  
**(FORMERLY LANGDON SHAW SECURITIES, INC.)**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 27, 2012, the date the financial statements were available for issuance.

**RECENT ACCOUNTING PRONOUNCEMENTS**

During 2010 and 2011, the Financial Accounting Standards Board, (FASB) issued various updates to the FASB Accounting Standards Codification, including updated guidance on revenue recognition, consolidation of variable interest entities, fair value disclosures, presentation of other comprehensive income and goodwill impairment testing. These, and other updates, are either not yet effective for the Company's financial statements, or, when effective, will not or did not have a material impact on the Company's financial statements upon adoption.

**3. ACCOUNTS RECEIVABLE FROM CLEARING ORGANIZATION**

The receivables balance from the clearing organization has not historically required any write-offs for credit losses and is stated at the amount management expects to collect from outstanding balances. Based on management's evaluation of collectability, an allowance for doubtful accounts is not required. The receivable includes a deposit for \$15,000 with the clearing organization required by its agreement with the Company.

**4. COMMITMENTS AND CONTINGENCIES**

**OPERATING LEASES**

The Company is obligated under an operating lease for office space, which was entered into on December 1, 2011 and terminates on October 31, 2012. The terms of the lease require the Company to pay \$5,700 per month.

Rent expense for the year ended December 31, 2011 was \$5,700.

**5. NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2011, the Company had net capital of \$45,772, which was \$39,350 in excess of its required net capital of \$6,422. The Company's aggregate indebtedness to net capital ratio was 2.10 to 1.

**EJ STERLING, INC.**  
**(FORMERLY LANGDON SHAW SECURITIES, INC.)**

**SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1**

Total ownership equity from the statement of financial condition	\$ 66,225
Less: Non-allowable assets	20,153
Haircuts on securities	<u>300</u>
Net Capital	\$ <u>45,772</u>

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum net capital	\$ <u>6,422</u>
Minimum dollar net capital requirement	\$ <u>5,000</u>
Excess net capital	\$ <u>39,350</u>
Net capital less greater of 10% of total aggregate indebtedness or 120% of minimum dollar net capital requirement	\$ <u>36,139</u>
Ratio: Aggregate indebtedness to net capital	<u>2.10 to 1.00</u>

**EJ STERLING, INC.**  
**(FORMERLY LANGDON SHAW SECURITIES, INC.)**

**SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3**

The Company claims exemption from the requirements of Rule 15c3-3, under Section (k) (2) (B) of the Rule.

**EJ STERLING, INC.**  
**(FORMERLY LANGDON SHAW SECURITIES, INC.)**  
**SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**RECONCILIATION PURSUANT TO RULE 17a-5(d)(4)**

Total ownership equity – January 1, 2011	\$ 56,049
Distributions to former shareholder for year ended December 31, 2011	(52,500)
Contributions by new shareholder	65,561
Net loss for the year ended December 31, 2011	<u>(2,885)</u>
Total ownership equity – December 31, 2011	66,225
Less: Non-allowable assets	20,153
Haircuts on securities	<u>300</u>
Audited net capital	45,772
Net capital per Focus Report Part IIA	<u>45,772</u>
Difference	\$ <u><u>-</u></u>



# Israeloff, Trattner & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS · FINANCIAL CONSULTANTS

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Other Office  
Empire State Building  
350 Fifth Ave.  
New York, NY

Board of Directors  
EJ Sterling, Inc. (Formerly  
Langdon Shaw Securities, Inc.)

In planning and performing our audit of the financial statements and supplemental schedules of EJ Sterling, Inc. (Formerly Langdon Shaw Securities, Inc.) (the Company), as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons and the recordation of differences required by rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-

statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Innacliff, Trull & Co. P.C.*

Garden City, New York  
February 27, 2012





# Israeloff, Trattner & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS - FINANCIAL CONSULTANTS

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Other Office  
Empire State Building  
350 Fifth Ave.  
New York, NY

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION

Board of Directors  
EJ Sterling, Inc. (Formerly  
Langdon Shaw Securities, Inc.)

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2011, which were agreed to by EJ Sterling, Inc. (Formerly Langdon Shaw Securities, Inc.) and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating EJ Sterling, Inc.'s (Formerly Langdon Shaw Securities, Inc.) compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). EJ Sterling, Inc.'s (Formerly Langdon Shaw Securities, Inc.) management is responsible for EJ Sterling, Inc.'s (Formerly Langdon Shaw Securities, Inc.) compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records (copies of checks), noting no differences;
2. Compared the Total Revenue amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2011 noting no differences;
3. Compared any adjustments, reported in Form SIPC-7 with supporting schedules and working papers noting no differences; and

4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, if any, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Travis J. Smith*

Garden City, New York  
February 27, 2012

**SIPC-7**

(33-REV 7/10)

## SECURITIES INVESTOR PROTECTION CORPORATION

P.O. Box 92185 Washington, D.C. 20090-2185

202-371-8300

## General Assessment Reconciliation

For the fiscal year ended 12/31, 2011

(Read carefully the instructions in your Working Copy before completing this Form)

## TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

COPY

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

034176 FINRA DEC  
EJ STERLING INC 66  
39 BROADWAY RM 1910  
NEW YORK NY 10006-3006

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

JACK LUBITZ-516-994-0743

2. A. General Assessment (item 2e from page 2)

\$ 304-

B. Less payment made with SIPC-6 filed (exclude interest)

(\$ 0-)

Date Paid

C. Less prior overpayment applied

(\$ 0-)

D. Assessment balance due or (overpayment)

304-E. Interest computed on late payment (see instruction E) for 0 days at 20% per annum0-

F. Total assessment balance and interest due (or overpayment carried forward)

\$ 304-

G. PAID WITH THIS FORM:

Check enclosed, payable to SIPC  
Total (must be same as F above)\$ 308-

H. Overpayment carried forward

(\$ 4-)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

N/A

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

E. J. STERLING, INC

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

FINOP

(Title)

dated the 10 day of FEBRUARY, 2012

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates:

Postmarked

Received

Reviewed

Calculations

Documentation

Forward Copy

Exceptions:

Disposition of exceptions:

# DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period  
beginning 1/01, 2011  
and ending 12/31, 2011

em No.

3. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents  
\$ 125495

4. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

5. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.  
(See Instruction C):

N/A

(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ — 0 —

- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ — 0 —

Enter the greater of line (i) or (ii)

Total deductions

SIPC Net Operating Revenues

General Assessment @ .0025

— 0 —  
4132  
12363  
\$ 304-  
(10 page 1, line 2.A.)